

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 /081 W

----- 112091

R 220011Z APR 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7350

INFO AMEMBASSY BRASILIA

AMEMBASSY CARACAS

C O N F I D E N T I A L MEXICO 3472

E.O. 11652: GDS

TAGS: ENRG, BR, MX

SUBJECT: MEXICAN EFFORTS TO MOVE LARGE AMOUNTS OF CRUDE

1. UNDER INCREASING PRESSURE TO DISPOSE OF LARGE BACKLOG OF UNSOLD CRUDE, AN OFFICIAL WITH EXTENSIVE CONTACTS IN PEMEX HAS DISCREETLY ADVISED EMBASSY THAT PERHAPS 3 MILLION BBLs. PER QUARTER MAY BE AVAILABLE FOR SALE TO U.S. FIRMS OR BROKERS THAT ARE NOT READILY IDENTIFIABLE WITH MULTI-NATIONAL CORPORATIONS (SEPTel). PICTURE OF EXACTLY HOW MUCH IS AVAILABLE AND AT WHAT TERMS IS CLOUDED BY SOURCE'S INFERENCE THAT PEMEX OFFICIALS EXPECT CONTRACTS TO REFLECT CERTAIN REMUNERATIVE CONDITIONS (READ KICKBACKS) AND BY THE RUSH OF NATIONAL PATRIMONY OFFICIALS TO OUTFLANK PEMEX AND CONCLUDE GOVERNMENT-TO-GOVERNMENT AGREEMENTS.

2. PEMEX OFFICIALS ARE APPARENTLY RACING NATIONAL PATRIMONY OFFICIALS TO CONCLUDE AGREEMENT THAT WILL GUARANTEE ADVANTAGES FOR RESPECTIVE OFFICIALS. NATIONAL PATRIMONY OFFICIALS ARE KNOWN TO FAVOR GOVERNMENTAL AGREEMENTS WITH CUBA AND, AS WAS JUST RECENTLY ANNOUNCED (REPORTED SEPTel), WITH BRAZIL, FOR POLITICAL REASONS WHILE PEMEX OFFICIALS ARE CONFIDENTIAL

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PUSHING FOR COMMERCIAL CONTRACTS BECAUSE (WE HAVE BEEN

ADVISED) THAT IS HOW THEY CAN "JUSTIFY" WORKING FOR LOW GOVERNMENTAL SALARIES.

3. ACCORDING TO SOURCE, PEMEX WILL CONSIDER SOFTENING ITS PRICE OF \$11.35/BBL TO \$11.20/BBL TO ANY COMPANY OR BROKER WILLING TO ACCEPT DELIVERY ON YEARLY CONTRACT, AND WILLING TO ACKNOWLEDGE CONDITIONS OF REMUNERATION. THIS COMPARES FAVORABLY WITH RECENT SPOT PURCHASES OF MEXICAN CRUDE SELLING FOR \$11.30/BBL.

4. SOURCE INDICATES IMMEDIATE ACTION REQUIRED AS PEMEX OFFICIALS UNDER PRESSURE TO FIRM UP COMMERCIAL SOURCES. EMBASSY WILL CABLE DETAILS SEPTEL.
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